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1. In comparison with other countries in the Soviet sphere of influence, Finland is a free country. This is a "model" Stalin protectorate. The country is not occupied. There are neither secret nor open Soviet controllers in the administration. The Parliament was freely chosen; the Communists have only one-fourth of the seats. There are no disappearances of the citizens. Only the politicians who were responsible for the war have been arrested, and the officers who were mixed up in the hidden-weapons affair. The condemned politicians are in prison, but that does not mean that they cannot continue their activities and partake in Finnish political life. Tanner the ex-leader of the Socialists is still the president of the cooperative Elanto on leave, and has been, up until lately, receiving his salary. He is allowed to see his lawyer, and his family. There is a rumor that he is pulling some big political deals out of prison, and he is supposed to be one of the initiators of the last governmental crisis. The case against the officers is being conducted publicly, with all legal paraphernalia.
2. No socialization has been established. The nationalization of industry necessitates a change in the constitution. The Communists and Socialists have the majority in the government but they have not got a majority sufficient for a change of the constitution, which is two-thirds of the votes. This is the reason why all socialization plans will long lie in the Parliamentary Commissions. A lot was written that Russia was against socialization because she was afraid that the Finnish industry would then be unable to live up to its reparation commitments. It is a fact that there was no intervention from Moscow, and there was no pressure either for socialization. In general Russia does not meddle in internal Finnish problems.
3. During the last year the Finnish economic situation improved. Agricultural production will become better, and should attain this year (1947) 80% of the prewar standards; in 1946 it was 60%. Industrial production is already nearly on a pre-war status. Its main work goes toward reparations for Russia. By 1952 Finland will have to deliver goods worth 300 million gold dollars. Prices for this have been calculated at 1938 levels. Only one-third of this is key-Finnish production, which is timber, the rest is to be products of the metal industries. This will necessitate enlarging of that industry to a very great extent. For delays in deliveries Finland pays a 5% penalty. Up until now Finland has paid 110 million dollars. It is foreseen that in September of

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this year the country will be in arrears 3 million dollars. This small sum is most important because it allows Russia to meddle in internal Finnish problems, and opens the door to new economic demands. The thriftiness of the Finns, outside help, especially Swedish, have helped Finland to accomplish this.

4. At the same time, exports to the West are growing. Economists say that this year this export will grow to 300 million dollars, compared with 240 million achieved in 1946. This will enable them to import up to 230 million dollars worth of goods, compared with 180 million in 1946, of which only 12 million need go to Russia.
5. The food situation has also improved greatly. There is no rationing of meat, fish or vegetables, none for eggs. In restaurants, food is about like it was before the war.
6. One problem for anxiety is the low wages. The prices of food have risen 15 times pre-war levels, wages, on the other hand, only 6 times.
7. The Government and the Parliament.
The present Government was born of a coalition of three parties: Communist, Socialist, and Agrarian. The Premier is Pakkala, leader of a small Socialist group "Blocked" with the Communists (Social Unionists). He is known for his intemperance in the country, for his laziness and lack of ability. The Communists have the Interior Ministry and police. Seats in government were divided into one-third each; this has given the Communists more influence than they would have if the Parliamentary setup were decisive (they have only one-fourth of the votes). The Agrarians are a class-peasant party, and are mostly concerned with prices for their products. They are slightly colored by reaction. The Socialists, until lately, formed two groups: the Left, pro-Communist, and the Right, which is more actively anti-Communist than the Agrarians. They are under the influence of Tanner. A stabilization within that party has been achieved and the young Rightist elements have gained influence. As those in the Government belong to both factions, the party is trying to get rid of the Leftist ministers. Outside of the Government there are the Conservatives in opposition.
8. The Cabinet Crisis.
The constant demand for higher wages on the one hand, and the demand for higher prices by the Agrarians on the other, have created difficulties between the parties. The clash was started when the transport workers asked for a 20% raise in wages. The Agrarians opposed this and pulled their ministers out of the Government. At that same time elections of delegates to unions were taking place. Up until then the Communists were strongest in these, and before the elections the chances of the Socialists and Communists were regarded as even. Against all expectations, the Socialists got a majority of 45 mandates. This fact caused a betterment of the economic situation and a certain disregard for Russia, as the Socialists felt strong in the Unions. The younger leaders of the Socialist Right felt the situation to be ripe for a reconstruction of the Government to reduce Communist influence and get rid of the Prime Minister who was going to be replaced by an Economist. At the same time the Leftist ministers in the Cabinet were to be removed. Two possibilities were open: (1) The creation of a Government without the Agrarians, giving a Communist-Socialist Cabinet in which the Communists would be in the minority, and would be unable to increase their influence by baiting the Agrarians with milk prices; (2) New elections. The Communists agreed to a reconstruction under the condition that the Premier would be one of their men; in fact they wanted to keep the status quo. It looked as if this state of affairs could not be solved, (the crisis lasted 7 weeks) and that elections would have to be held. These would have reduced the influence of the Communists even more.
9. The Bomb.
Just then, "unknown" individuals threw a bomb into the Soviet Legation. This whole affair is very dubious. The Legation is closely watched by the police. The bomb was thrown through a closed window, and the glass was unbroken. There was no explosion, the policemen on duty did not notice anything. Some newspapers burned in the room next to the minister's. The Finnish police was notified only after some hours and was not allowed to make an investigation on the spot.

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Whatever happened, it couldn't have happened at a better moment for the Communists. The Soviet press started a severe campaign against the Finns, asking for a purge. The local police, although in Communist hands, was unable to detect the culprits, in spite of announcing high rewards. The purge did not take place, but all demands for a reconstruction of the Government were dropped; the election plans also. It became clear that it is difficult to govern with the Communists in Finland, but without them it is impossible.

10. Polish Diplomatic Representatives in Finland.

The Minister, Wasilewski, is Wanda Wasilewska's brother. The post is in reality in the hands of Bryczkowski, the secretary, who is Warsaw's man. They both like to contend that they are not Communists. They are smooth and sociable men, and have been able to break the ice around them, both with Finnish society and the authorities. Besides these two there are at the Legation: Myszkowski, Zebrowski, and Mrs. Eglund. The doorman is Wesolowski, a Communist who was there with the old staff.

11. The Commercial Treaty with Poland.

This was signed on April 3. Poland has assumed the obligation of delivering to Finland 1,075,000 tons of coal at 12 dollars per ton; of this total 405,000 tons are to be delivered in the next 15 months, 400,000 tons during the next year after that, the rest during the third year. Finland is obliged to ship to Poland during the 15 months pulp wood, iron ores, and small wooden houses for a total of 12 million dollars. In a separate deal, Poland promised to sell Finland during the next five years 3 million tons of coal for cash. Because of the great need for coal in Finland and because the conditions are better than those in the Swedish-Polish treaty, this contract was accepted with satisfaction.

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